

Message Text

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L/PM - MR. MICHEL

EUR/NE - MR. FLOYD

EA/TB - MR. TOMSETH

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TO AMEMBASSY LONDON

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CINCPAC HONOLULU HI

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CINCUSNAVEUR

COMNAVTELCOM WASHDC

COMCBLANT DAVISVILLE RI

PACNAVFACENGCOM MAKALAPA HI

OICC THAI BANGKOK

ISLAND COMMANDER DIEGO GARCIA

C O N F I D E N T I A L STATE 052857

E.O. 11652: GDS

TAGS: MARR, US, UK, IO

SUBJECT: ENTRY AND TAXATION OF THIRD COUNTRY NATIONALS
INTO DIEGO GARCIA

REF: A. LONDON 11409 (NOTAL) DTD 281420Z NOV 72

B. LONDON 669 (NOTAL) DTD 181841Z JAN 73

C. BANGKOK 18446 (NOTAL) DTD 271042Z NOV 73

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1. REF A SET FORTH GUIDANCE ON PROCEDURES TO BE FOLLOWED

FOR ENTRY OF NON-GOVERNMENT AND THIRD COUNTRY NATIONALS (TCN) INTO DIEGO GARCIA. REF B PROVIDED TAX ARRANGEMENTS FOR ANY NON-U.S. FIRMS, WHETHER BRITISH OR THIRD COUNTRY, WHICH MIGHT BE AWARDED THE DREDGING CONTRACT. THIS GUIDANCE ALSO STATED THAT SUCH ARRANGEMENTS WERE SOLELY FOR THE DREDGING CONTRACT AND WOULD NOT APPLY TO, OR ACT AS PRECEDENT FOR, FUTURE ACTIVITIES AT DIEGO GARCIA.

2. IN VIEW OF ANTICIPATED CONTINUING REQUIREMENTS FOR TCN TO ASSIST IN THE CURRENT CONSTRUCTION PHASE, WE NEED TO OBTAIN CLARIFICATION OF THE FCO VIEWS ON FUTURE TCN ENTRY ONTO THE ISLAND. REF C HIGHLIGHTS THE MOST RECENT PROBLEMS ASSOCIATED WITH TCN IN CONNECTION WITH AN ON-SITE SURVEY TEAM REQUIREMENT, FOR WHICH ENTRY APPROVAL WAS FINALLY GRANTED, BUT ONLY AFTER CONSIDERABLE DELAY.

3. WHERE POSSIBLE, THE OICC THAILAND, WHO HAS U.S. NAVY RESPONSIBILITY FOR CONSTRUCTION PROJECTS, WILL VOUCH FOR NAME CHECKS FOR TCN IN ACCORDANCE WITH REF A. THE NAMES OF OTHER TCN WILL BE SUBMITTED TO THE FCO VIA CINCUSNAVEUR FOR NORMAL UK IMMIGRATION NAME CHECKS.

4. BRITREP CANTER HAS HAD A PARTICULAR INTEREST IN U.S. USE OF WORKERS FROM MAURITIUS AND THE SEYCHELLES. IT SHOULD BE NOTED, HOWEVER, THAT THE LABOR "USE" REQUIREMENT SPECIFIED IN THE BIOT AGREEMENT (PARA (7) (A)) IS ONLY TO THE EXTENT THAT SUCH USE IS CONSISTENT WITH UNITED STATES POLICIES, REQUIREMENTS AND SCHEDULES. IN PRACTICE, PARTICULARLY IN THE CASE OF CONSULTANTS, TIME AND COST CONSTRAINTS AS WELL AS SKILL REQUIREMENTS FREQUENTLY PRECLUDE USE OF MAURITIANS OR SEYCHELLOIS. WE THEREFORE HOPE THAT ENTRY APPROVAL FOR TCN CONTRACTOR PERSONNEL WOULD NOT BE DENIED OR DELAYED BECAUSE THEY ARE NOT FROM MAURITIUS OR SEYCHELLES. EMBASSY SHOULD DISCUSS SITUATION ALONG THESE LINES WITH FCO AND SEEK FCO SUPPORT FOR U.S. POSITION IF FCO SUPPORT OBTAINED. IT WOULD BE PARTICULARLY HELPFUL IF BRITREP CANTER WOULD BE SO ADVISED BY UK AUTHORITIES.

5. TAX LIABILITY UNCERTAINTIES HAVE COMPLICATED DIEGO
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GARCIA ENTRY PROCEDURES. IN ORDER TO FACILITATE PLANNING FOR FUTURE PROJECTS, EMBASSY IS REQUESTED TO SEEK FROM FCO BLANKET EXEMPTION FROM TAXATION FOR TCN FIRMS PROVIDING CONSULTATION SERVICES OR OTHER SPECIALIZED CONSTRUCTION - RELATED SERVICES (AS OPPOSED TO GENERAL CONSTRUCTION WORK) AND FOR TCN EMPLOYEES OF FIRMS PROVIDING SUCH SERVICES. REQUESTS FOR OTHER EXEMPTIONS COULD BE HANDLED ON A CASE-ON-CASE BASIS. IF SUCH EXEMPTIONS ARE NOT POSSIBLE,

WE WOULD NEED FULL DETAILS ON TAX LIABILITY SO THAT TCN CONTRACTORS AND PERSONNEL COULD BE NOTIFIED. WE WOULD ALSO NEED PROCEDURES WHEREBY TCN COULD MEET THEIR TAX RESPONSIBILITIES WITHOUT DELAYING THEIR ENTRY TO OR DEPARTURE FROM DIEGO GARCIA.

6. U.S. NEGOTIATING TEAM RECENTLY IN LONDON FOR U.S./UK DIEGO GARCIA TALKS RAISED THIS ISSUE IN CORRIDOR CONVERSATION WITH ROYAL NAVY REP. LATTER SAW NO PROBLEMS AND SAID NAVIES COULD WORK ON MATTER BETWEEN THEM. YOU MAY WISH TO DISCUSS THIS WITH CINCUSNAVEUR REPS BEFORE APPROACHING FCO, BUT WE WOULD APPRECIATE FCO REACTIONS AS SOON AS POSSIBLE IN VIEW OF POSSIBLY IMMINENT CONSTRUCTION TASKS SHOULD CONGRESS APPROVE FUNDING. KISSINGER

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